In market environment, the price discovered is the appropriate price at that moment under the circumstances. When circumstances change, the price also changes and then it would appear that the IPO was overpriced or underpriced.

(b) No, Sir. The market forces of demand and supply discover the prices of securities in compliance with the regulatory frame work put in place by SEBI.

(c) The SEBI (Disclosures and Investor Protection) Guidelines, 2000 permit an unlisted company eligible to make an IPO to price its equity shares or any securities convertible at a later date into equity shares subject to certain disclosures. The company is, however, required to indicate the basis for issue price in the prospectus with the help of relevant qualitative and quantative factors. Further, book building mechanism is used to discover prices within a band and such price bands are also revised depending on the circumstances. In such cases, the issue becomes successful only if it elicits certain minimum subscriptions from qualified institutional investors who are capable of taking informed investment decisions.

Slow down in the economic growth

554. SHRI RAMDAS AGAWRAL: Will the Minister of FINANCE be pleased to state:

(a) whether India's economy is slowing down, after a three year sprint;

(b) whether it is a fact that Government data released on 06.02.08 had shown that economy might grow at the rate of 8.7 percent during this fiscal year ending in March, 2008 which is nearly one per cent point short of the 9.6 per cent growth seen in the past;

(c) whether Government proposes for tax breaks and other fiscal sops to spur consumption; and

(d) if so, what fiscal measuers are explored by him to reverse the slow down in the process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The growth in India's Gross Domestic Product (GDP) in the last three years has been 7.5, 9.4 and 9.6 per cent per annum. For the fiscal year 2007-08, as per the Advance Estimates of the Central Statistical Organisation, the GDP is expected to grow at 8.7 per cent.

(c) and (d) In its budget proposals for 2008-09, the Government has announced a number of fiscal measures, including adjustments in personal income tax slabs, reduction in excise rates on a range of consumer goods, wavier of farm loans, all of which are likely to spur consumtion in the economy. The extension of the National Rural Employment Guarantee Scheme to all districts of the country will also contibute to increase in consumption demand and, hence, growth of the economy. At the same time, the Government has increased its allocation for infrastructure programmes like National Highway Development Project, Accelerated Irrigation Benefit Programme, Jawaharlal Nehru National Urban Renewal Mission, as well as on education, health, and training and skill upgradation that will help in addressing some of the supply side constraints on sustaining the high growth rate and in improving the level of productivity of the economy. During the Eleventh Five Year Plan period, it is envisaged that inestment in physical infrastructure will increase from around 5 per cent GDP in 2006-07 to 9 per cent of GDP by the end of the plan period.